

MINUTES

Approved 7/11/07

PERSONNEL COMMITTEE

JUNE 13, 2007 3:00 P.M. OLD JAIL CONFERENCE ROOM

Present: J. Dennis, Chair; G. Stevenson; D. Kiefer; L. McBean-Clairborne

Absent: M. Sigler

Staff: C. Covert, Clerk of the Legislature; A. Fitzpatrick, Personnel Commissioner; S. Whicher, County Administrator; B. Kominos, Benefits Manager; S. Martel Moore, Deputy County Administrator; J. Thomas, Personnel Department; P. Carey, Social Services Commissioner

Guests: C. DeMarco, Mental Health Department; L. McEwen, Retiree; J. Murphy, Retiree

Call to Order

The meeting was called to order at 3:05 p.m.

Chair's Report

Mr. Dennis said the negotiating team met today with the labor negotiator to discuss road patrol negotiations. The CSEA White and Blue Collar unions have asked to begin the bargaining process. A meeting with each group will be held before the end of the month. He also reported as Chair of the Search Committee for County Administrator the process will begin in the next few months. Discussions concerning membership are underway.

Changes to Agenda

There were no changes to the agenda.

Health Insurance – Change in Plan Design

At this time Mr. Dennis introduced Louise McEwen, Former Benefits Manager, and John Murphy, Former County Administrator, who served on the team as retirees. Mr. Dennis said several meetings have been held with staff and others concerning a health insurance plan for Medicare-eligible retirees. He spoke of the need to look at health insurance costs not only for current employees, but retirees as well. During the discussions, a Request for Proposals was done.

Mr. Dennis requested that Mr. Whicher provide an overview at this time. Mr. Whicher said this is part of a broader plan to address the overall fringe rate. The process began approximately 2 ½ years ago. The first approach was to look at the existing coverage and see what can be changed fairly quickly to realize some savings. The first item identified was the prescription drug program with changes being made to that system. The team began looking at other components of the health insurance plan including the Medicare-Eligible Retiree Health Insurance.

Three goals were established by the team:

- Realize an eventual savings to the County in the range of \$300,000 to \$400,000 (fringe rate)
- Reduce Medicare-eligible retiree health insurance premiums
- Maintain coverage as close as possible to existing plan for Medicare-eligible retirees

A Request for Proposals was done and three responses received and reviewed. The team concluded that the Medicare supplement plan introduced by United Health Care was the right approach and to self-insure the retiree group because Medicare takes care of the portion of medical costs. He said this is the point the team is at right now and believes the net results include meeting the goal to save money, the coverage is about the same for retirees, and the premiums for retirees are reduced by

Minutes
Personnel Committee
June 13, 2007

approximately \$1,200 per individual and \$3,000 for family coverage. If the County were to begin self-insuring, he would recommend a periodic review. The overall recommendation that will be presented is to switch retirees who are Medicare eligible to a supplemental self-insured program administered by an independent TPA (third party administrator). Also included in the proposal will be a recommendation for retirees who are not Medicare eligible; however, that discussion still needs to occur.

Mr. Dennis commented that it is not his intent to have the Committee take action today as more discussion is needed.

In response to a question by Ms. Kiefer, Mr. Whicher said the one difference in coverage is the number of long-term skilled nursing days provided for. Under Medicare there is a limit of 100 days and the County's is unlimited.

Mr. Stevenson said he is grateful the Committee is deferring action as he would like more time to get more input.

At this time, Mr. Dennis invited Ms. McEwen and Mr. Murphy to comment on this subject and express their concerns. Written statements were submitted and are attached to these minutes. Said statements outline their concerns and opposition to the County's proposal.

In response to some of the comments, Mr. Whicher stated that the retirees are subsidizing the existing health insurance plan which, if continued, will drive up the County's cost and he reminded the Committee of the three goals they are trying to achieve and at the same time provide a balance.

Discussion followed concerning the premium rates and Medicare benefits. In response to a comment made by Ms. Kiefer, Ms. McEwen said the reason she and Mr. Murphy insisted on maintaining the Medicare carve-out plan is the insurance pays what Medicare does not. She said the Medicare supplement plan, the self-insured plan, and a third party administrator was not discussed by the team and suggested the team may need to meet again if these are the decisions made since May 8th. Mr. Whicher stated the analysis of the RFP and how the package would be put together was done internally and not opened up to retirees, which is the way he want it to be.

Mr. Dennis concluded the discussion by stating this is a work in progress and that more information will be gathered and provided. Specific information requested by the Committee included what information if any was provided concerning premium payments for the retirees for a carve-out plan versus a supplemental plan. Mr. Dennis also thought the spreadsheet prepared for the team about the break-even analysis on long-term affect for benefit costs would be helpful.

Mr. Boden spoke briefly about the comments made and that there have been policy changes in the health care area at the Federal level causing the County to have to review its plans and benefits as costs are increasing substantially.

Personnel Department

Military Pay/Leave

It was MOVED by Mrs. McBean-Clairborne, seconded by Mr. Stevenson, and unanimously adopted by voice vote by members present, to approve and submit the following resolution to the Budget and Capital Committee for approval:

RESOLUTION NO. - AUTHORIZING TOMPKINS COUNTY TO PAY THE DIFFERENCE IN PAY BETWEEN MILITARY PAY AND BASE COUNTY SALARY TO COUNTY OFFICERS AND EMPLOYEES WHILE PERFORMING ORDERED MILITARY DUTY

WHEREAS, the New York State Military Law provides certain rights to public officers and employees absent on military duty as members of Reserve Forces or Reserve components of the Armed Forces of the United States, and

WHEREAS, County officers and employees on authorized military leave are entitled to all the rights and privileges set forth in said Military Law, and

WHEREAS, despite the rights and benefits afforded by said Military Law, calls to active duty often impose financial hardship on those summoned and their dependents, and

WHEREAS, by Resolution No. 313 of 2002 and Resolution No. 231 of 2004, this Tompkins County Legislature authorized the payment of supplemental benefits to County officers and employees called to serve their country following the September 11, 2001 attacks on the United States through December 31, 2005, and

WHEREAS, there may be renewed need for activation of military personnel, now therefore be it
RESOLVED, on recommendation of the Budget and Capital, the Government Operations, and the Personnel Committee, That effective January 1, 2007, through December 31, 2008, the Tompkins County General Fund will pay the difference between base County salary and military pay for up to 90 work days per calendar year, when the employee is called to active military duty. If military pay is equal to or in excess of County base salary, no payment will be made,

RESOLVED, further, That the Director of Finance will establish and notify Department Heads and affected employees of the procedures by which the differential shall be paid.

SEQR ACTION: TYPE II-20

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It was MOVED by Mrs. McBean-Clairborne, seconded by Mr. Stevenson, and unanimously adopted by voice vote by members present, to approve and submit the following resolution and policy to the Budget and Capital Committee for approval:

RESOLUTION NO. - ADOPTION OF REVISED ADMINISTRATIVE POLICY 03-15 MILITARY LEAVE

WHEREAS, there is a need to revise and update Administrative Policies, now therefore be it
RESOLVED, on recommendation of the Government Operations Committee, That the following Administrative Policy is hereby revised:

03-15 Military Leave

SEQR ACTION: TYPE II-20

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MILITARY LEAVE

Objective:	To establish a policy for military leave for County employees.	Policy Number	January 12, 1981
Reference:(Laws both state and local)	NYS Military Law, Article 11, §242 and Public Officers Law 86-632, resolution 244 of 2001, resolution 313 of 2002 and 232 of 2004	Effective Date	June 28, 1988, December 2, 2003, November 16, 2004

Policy Statement: Employees on active military duty status shall be entitled to paid leave as allowed by NYS Military Law. # Resolution 232

Procedure: Department Personnel

1. Any public officer or employee shall be deemed to have a leave of absence with pay while engaged in the performance of ordered military duty and while going to and returning from such duty. Such leave of absence with pay shall not exceed a total of thirty (30) days or twenty-two (22) work days in any one calendar year.

2. "Ordered military duty" shall mean any military duty performed in the service of the state or of the United States, including but not limited to attendance at any service school or schools conducted by the armed forces of the United States, pursuant to orders issued by competent state or federal authority, without the consent of such public officer or employee.

3. In addition to the benefits available under Military Law noted above, Tompkins County has authorized extended benefits to County officers and employees called to serve their Country as a result of the September 11, 2001, attacks on the United States, and more recent decisions by the Federal Executive.

a. Resolution 244 of 2001, Resolution 313 of 2002, Resolution 232 of 2004 and Resolution XXX of 2007 authorizes Tompkins County to pay the difference in pay between military and base County salary not to exceed a maximum of ninety (90) work-days through December 31, 2008.

All public officers or employees ordered to military duty must provide a copy of such orders covering all duty days to the Personnel Department.

Rollover Request

It was MOVED by Mrs. McBean-Clairborne, seconded by Mr. Stevenson, to approve and submit the rollover request of \$25,324 to purchase a vehicle for the Central Services program to the Budget and Capital Committee for approval.

Discussion followed concerning the types of vehicles the Department is researching to purchase. The Department is open to suggestions and provided cost comparisons for a 2008 Ford Escape XLT FWD 14 and a 2008 Ford Escape Hybrid FWD. Mr. Whicher said he is opposed to the purchase of a 4-wheel drive hybrid vehicle for this Department at this time. Ms. Kiefer spoke of her interest in having a better choice of vehicles for the Department to purchase than what is presented in the comparisons, noting shortcomings of the Ford Escape still available on State contract compared to, e.g., the Toyota hybrid RAV4, which is rated better by Consumer Reports and costs less.

A voice vote resulted as follows on the motion to approve the rollover request with the understanding that information about vehicle replacement will be provided to the Committee prior to purchase: Ayes – 3; Noes – 1 (Stevenson); Absent – 1 (Sigler). MOTION CARRIED.

Workforce Demographics Report

Committee members reviewed the workforce demographic report distributed with the agenda. Ms. Kiefer asked that information such as who hired away a County employee or where an employee has relocated be included if known.

Other Business

Ms. Kiefer referenced the minutes from the last meeting and asked if there was any information or update available concerning CanaRx and a draft employee handbook.

CanaRx

Ms. Fitzpatrick said she received the analysis last week from Mr. Boden concerning the limited usage of the TC3's program between September 2006 and March 2007. The total CanaRx bill for TC3 was \$12,000. However, from the analysis she was able to abstract cost benefit analysis for some CanaRx activity against retail and against NMH. Negotiations with the CSEA White and Blue Collar unions are beginning and she recommends that further discussion on this subject wait until the other components of health insurance are discussed. In response to a question, Ms. Fitzpatrick said the County Attorney has not changed his position about this program and will continue to advise the Legislature not to participate willingly, knowingly, and up front with CanaRx.

Employee Handbook

Ms. Fitzpatrick said she will have a draft employee handbook for the Committee to review next month.

Negotiating Teams

Ms. Kiefer asked if there would be an opportunity for other Legislators to participate in the upcoming negotiating meetings if interested. Mr. Dennis said that would have to be discussed with the Chair of the Legislature.

Mr. Stevenson stated for the record that he has a conflict and would not be participating in any negotiations as his wife is a member of the White Collar union.

Report from the Workforce Diversity and Inclusion Committee

Mrs. McBean-Clairborne updated the Committee on the activities of the Workforce Diversity and Inclusion Committee (WDIC). She said the official kick-off event is being held tomorrow on the Commons. This event will celebrate the work that has been done and will be presenting the logo and Diversity Statement. A spending plan subcommittee is meeting to begin developing a budget plan. At the next meeting there will also be a discussion concerning civil service rules and how to lobby for change.

Committee Goals

This item was deferred to the next meeting to allow members time to review the revised goals as recommended at the last meeting.

Approval of Minutes

It was MOVED by Mrs. McBean-Clairborne, seconded by Ms. Kiefer, and unanimously adopted by voice vote by members present, to approve the minutes of the May 9th meeting as corrected.

Future Agenda Items

Red-Circled Positions

Mr. Dennis said he would like to have a discussion with the Legislators that opposed the resolution at the Legislative level before bringing the red-circled positions issue back to Committee.

Management Salaries and Benefits

Minutes
Personnel Committee
June 13, 2007

Mr. Dennis said the subject of how to proceed with discussions on management salaries and benefits will be discussed at a future meeting. *Further discussion followed and the Committee agreed the next step would be that Mr. Whicher, Ms. Martel Moore, and Mr. Dennis would meet and bring forth a recommendation for process.*

Adjournment

The meeting adjourned at 4:59 p.m.

**COMMENTS RE: PROPOSED RESOLUTION WITH SUPPLEMENTAL INFORMATION
REGARDING "MEDICARE ELIGIBLE RETIREE HEALTH INSURANCE"**
(on Personnel Committee agenda for 6/13/07)

The proposed resolution and accompanying information does not, in our opinion, accurately reflect what resulted from the insurance study committee's meetings. We feel the necessity to provide our comments so no one assumes that because our names are listed as "retiree" we are in agreement with the statements made. We appreciate the opportunity to be part of the study committee and give you our comments today.

Retirees are currently offered a choice of Traditional, Preferred Provider, or Health Maintenance Organization plans through Excellus/Tompkins County. There are 9 retirees in the PPO and none in the HMO option; all the rest (by County data, 300) are in the Traditional Plan option. The 300 retirees we will discuss are all Medicare-eligible. (For your information, another 48 retirees are non Medicare-eligible per the County's data on a spreadsheet received 5/3/07.)

At our first meeting in February, 2007, the committee was told we had two objectives - lessen the fringe cost by saving the County approximately \$400,000 per year on health insurance costs, and reduce future County liability under GASB. We were provided with several spreadsheets attempting to demonstrate how to save the \$400,000.

We did not as a "team" "conclude" anything about an alternative plan with reduced retiree premiums. What we did "conclude" at our meeting on 5/8/07 when the County's consultant verbally presented much lower premium quotes from Excellus for the Medicare-eligible retiree group, was that the quoted Excellus rates of \$114.95/month, individual, and \$229.88/month, family, coupled with increased NMHC drug rates of \$142.97 and \$309.24, for totals of \$257.92 and \$539.12 (as opposed to current rates of \$517.30 and \$1114.88 individual and family, respectively) would still provide Excellus at its quoted rate with much more profit than warranted through the 2006 claims data presented by the County. We expressed our objection when the County indicated they would arbitrarily charge a flat rate of \$300 per month individual or \$600 per month family. We expect this would be done to simplify future GASB accounting for the County. We were told at the meeting that "this is the way we're going to do it". We were also informed the drug co-payment rates would be increased by the County to almost double the current co-pay structure.

It should be made clear here that we never asked for an "alternative plan" in any of our meetings. In fact, early on in the process we verbally asked the County to obtain a quote from Excellus for a separate subgroup of Medicare-eligible retirees while still maintaining our current Medicare carve-out plan and current benefits, knowing that Excellus could present much lower rates based on their small payout of retiree medical charges as secondary payer. We received tentative figures on a table headed "Excellus Rates for **Current Benefit Design**, Separating Active and Medicare Primary Experience, Pharmacy Benefit Rates Modified Per Analysis", prepared by the County's consultant for our meeting on 4/24/07. A separate quote, as noted above, was presented at our last meeting on 5/8/07.

Because of the self-insured status of the drug portion of our insurance, we already have "premium equivalents" on this coverage; however, we do not agree that "premium equivalents" should be used in a case where we are not self-insured and Excellus will provide actual quotes after negotiation and verification by the county. These should be used. For the County to establish arbitrary premiums charged for a group of retirees who have absolutely no information provided annually on claims paid vs. premiums charged, no bargaining rights of any kind, and who cost the County the least in medical claims sets a dangerous precedent. Active employees have union representation, and the unions are entitled to data during negotiations. We do not and we never receive any data to substantiate premium increases. Being on this study committee allowed us to see data and conclude that the Medicare-eligible retirees

overpaid the County approximately \$500,000 in premiums when compared to claims expense for this group. We would gather, therefore, that if this overpayment is removed from the mix, then two things will happen -- active and non Medicare-eligible retirees will no longer be subsidized by Medicare-eligibles' payments, and the County will have to find \$500,000 to make up for this loss of revenue when completing the 2008 budget scenario. In addition, with the County paying 85% of active employees' premiums through premium and VEBA contributions, if the premium goes up, the County's dollar share will go up. Under the trial Comprehensive Value Plan during 2007, the County is paying 100% of the premium for the few employees enrolled. If this program survives into 2008, that cost will undoubtedly also increase if the County continues to pay at the 100% rate.

At our 5/8/07 meeting, we were told the County would continue the current carve-out plan. The only mention made of a third-party administrator was when the County's consultant indicated when quoting the lower Excellus rates that "a TPA charges less than Excellus when processing balances after Medicare" but no suggestion was made that the County use a TPA. Therefore, we cannot agree with number 2. in "the final proposal". We prefer to stay with our current plan and be rated separately, with the County negotiating a more realistic rate with Excellus.

We have addressed the increased co-pays as mentioned in number 3. With retirees using more drugs, and in many cases, more expensive drugs for more debilitating diagnoses, this increase in co-pay could offset much of the premium reduction savings.

We have already indicated our disagreement with numbers 4. and 5. We do not agree with arbitrary premiums when actual premiums based on claims data are available from an insurer.

Relative to number 6., at our 5/8/07 meeting the County indicated that the rates would be reviewed annually by the legislature; we see no mention of this in connection with "the County's maximum monthly contributions". Again, we do not agree with the dollar figures noted.

Thank you again for the opportunity to present our thoughts. We do not want our names attached to something we disagree with for reasons noted above and thereby imply to retirees that we approved these stipulations on their behalf.

John J. Murphy, County Administrator (retired)...Louise L. McEwen, Benefits Mgr. (retired)

Talking Points

1. We do feel the current proposal will establish a very undesirable precedent for retirees since the retiree will be required to pay a premium which is higher than the premium offered by the insurance companies involved. We understand that the County may establish any retiree rate they desire -- but we feel that rate should not exceed the rate the County pays to the insurance company so that the end result would be to enable the County to establish a reserve which can be applied to possible future increases. We very much prefer to pay the premium quoted by the insurance companies and if our claims increase we will be required to pay the corresponding premium increase. Bear in mind that the retirees will be rated separately from active employees so we will be required to "pay our way".

2. We also have a concern that the premium offered by Excellus is significantly higher than would be required to pay Excellus claims based on the year 2006. Attached is a schedule showing calculations based on Excellus (medical) and NMHC (prescription drug) quoted premiums. This schedule indicates that Excellus' premium is 225% of the 2006 claims paid, and 205% of the 2006 claims paid plus 10% possible increase.

Minutes
 Personnel Committee
 June 13, 2007

We feel Excellus should be requested to explain to the committee why their premium should be so high. This is especially important since the County and retirees will be required to pay the quoted premium for the entire year regardless of the amount of the claims incurred -- then some time after year's end if the premium paid Excellus exceeds the claims paid, Excellus should make a refund. We would much prefer to pay a premium based much closer to past claims experience plus the Excellus fee for processing our claims. By the way, that fee should be negotiated by the County.

3. The County's proposed plan includes a co-pay for prescription drugs which almost doubles the current co-pay amounts...

Co-pay at time of quote: 30-day = \$5, \$10, \$25 90-day = \$10, \$20, \$50

Co-pay, proposed plan: 30-day = \$10, \$20, \$35 90-day = \$20, \$40, \$70

Since many retirees take several prescription drugs, this increase will add significantly to their out-of-pocket expense.

4. To summarize, our three main concerns re: the County's proposed plan are:

- a) A proposed premium which exceeds premiums quoted by insurance companies
- b) Excellus' premium appears very excessive
- c) Proposed drug co-pay is almost double the current co-pay in effect for retirees

5. After the 5/8/07 meeting, the Tompkins County Council of Governments received a substantial NYS Grant to study and hopefully reduce the cost of health insurance for all municipalities in the County. We feel that such a study MUST include retirees as well as active employees. Is it appropriate to delay any change in retiree insurance until the study has been completed?

Thank you for this opportunity to meet with you and submit our comments.

John J. Murphy, County Administrator (retired) Louise L. McEwen, Benefits Mgr. (retired)

6/13/07

Premiums Quoted at 5/8/07 Health Insurance Meeting:

	Excellus	NMHC	Total	Retiree Share	County Share
Individual	\$114.95	\$142.97	\$257.92	\$129 (50%)	\$129 (50%)
Family	229.88	309.24	539.12	312 (58%)	227 (42%)

	<u>EXCELLUS</u>	<u>NMHC (Pres. Drugs)</u>
Individual	210 @ \$114.95 = \$289,674	210 @ \$142.97 = \$360,284
Family	75 @ \$229.88 = \$206,892	75 @ \$309.24 = \$278,316
Survivor	15 @ \$114.95 = \$ 20,691	15 @ \$142.97 = \$ 25,735
TOT AL PREMIUM: 300	\$517,257	\$664,335

Claims Paid, 2006	(\$229,892)	(\$572,724)
Est. Increase 10%	<u>(\$ 22,989)</u>	<u>(\$ 57,272)</u>
Est. Claims	(\$252,881)	(\$624,996)

Est. Excess Premium vs. Claims \$264,376 \$ 34,339

Est. Federal Subsidy na \$106,000

Total Excess Premium + Subsidy \$264,376 \$140,339